

## An Alternative to Layoffs

In 1987, legislation provided employers the opportunity to participate in the Shared Work Unemployment Compensation Program.

The Shared Work Unemployment Compensation Program is designed to help employers and employees. It is an alternative for employers faced with a reduction in force. It allows an employer to divide the available work or hours of work among a specified group of affected employees in lieu of a layoff. It allows the employees to receive a portion of their unemployment benefits while working reduced hours.

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UNEMPLOYMENT  
INSURANCE

# Shared Work Program

INFORMATION AND INSTRUCTIONS FOR EMPLOYERS

## The Process

An interested employer may obtain a Shared Work Plan Application by contacting the central office of this Division. (See address below.) To participate, an employer must reduce the normal weekly hours of work for an employee in the affected unit by at least 20 percent (but not more than 40 percent), and the plan must apply to at least 10 percent of the employees in the affected unit who meet monetary requirements for regular unemployment compensation. If the plan is approved by the Division, workers who qualify for unemployment benefits would receive both wages and Shared Work benefits. The Shared Work benefits would be that percentage of regular unemployment benefits which matches the reduction described in the employer's plan.

### *For Example:*

A firm facing a 20 percent reduction in production usually lays off one-fifth of its work force. Faced with this situation, a company could retain its total work force on a four-day-a-week basis. This reduction from 40 hours to 32 hours cuts production by the required 20 percent without reducing the number of employees. All affected employees receive their wages based on four days of work and, in addition, receive a portion of unemployment compensation benefits equal to 20 percent of the unemployment compensation weekly benefit amount payable had the employee been unemployed a full week.

An employee normally works a 40-hour week. The employer has to reduce the work schedule by 20 percent. The employer submits a plan and it is approved under the Shared Work Program. The employee qualifies for regular unemployment compensation with a weekly benefit amount (WBA) of \$250.

$$\begin{aligned} 20\% \times 40 \text{ hour work week} &= 8 \text{ hours} \\ \text{Employee works and earns wages for } &32 \text{ hours} \\ 20\% \times \$250 \text{ WBA} &= \$50 \end{aligned}$$

The employee receives \$50 of unemployment benefits in addition to the 32 hours of wages earned from you, the employer.

### *What Happens Once the Application is Filed?*

Once the plan is approved, a biweekly certification form will be mailed to the employer for completion. The biweekly certification forms will continue to be mailed to the employer for each week the plan is to be followed.

### *Will Participation Affect an Employer's Unemployment Tax Rate?*

Benefits paid under Shared Work plans are charged back against employers' accounts for use in computing general (experience) tax rates. They affect employers' tax rates in the same manner and to the same extent as other chargebacks of benefits.

- An employer eligible for a tax rate based on individual

## The Conditions

### *The Division May Approve a Shared Work Plan if:*

- There is an "affected unit" of not less than three employees.
- The normal weekly hours of work and corresponding wages for a participating employee are reduced in the plan by not less than 20 percent and no more than 40 percent.
- The plan applies to at least 10 percent of the employees in the affected unit.
- The plan describes the manner in which the participating employer treats the fringe benefits of each employee in the affected unit.
- The employer certifies that the implementation of a Shared Work Plan and the resulting reduction in work hours is in lieu of a temporary layoff that would affect at least 10 percent of the employees in the affected unit and that would result in an equivalent reduction in work hours.

### *Conditions For Shared Work Benefits:*

- An individual must accept all work offered by the participating employer for the claim period filed.
- An individual must be able to work and be available for full-time work with the participating employer.
- An individual must be eligible for regular benefits in the state of Missouri.
- No benefits will be paid to an individual who works for the participating employer more than the reduced hours specified in the plan.
- No benefits will be paid to an individual for the first eligible week within a benefit year until nine consecutive weeks have been paid.

### *Shared Work Plan Application Format:*

- Name and Missouri account number of employer.
- Description of how fringe benefits will be affected by the plan.
- Concurrence of a bargaining representative if one exists.
- Certification that:
  - a) The plan applies to at least 10 percent of employees.
  - b) The reduction is in lieu of temporary layoffs.
- An attached listing of affected employees showing:
  - a) Full names.
  - b) Social security numbers.

experience has the potential of paying a maximum rate of 9%, plus applicable surcharge.

- A new employer generally becomes eligible for an experience rate after two full calendar years of liability under the law. Until then, employers choosing to participate in the Shared Work Program who are not yet eligible for an experience rating will be assigned a rate of 9%, plus applicable surcharge.
- An employer who is not eligible after once becoming eligible because there were not twelve consecutive months immediately preceding the calculation date throughout which the account could have been charged with benefits, will be assigned the maximum rate of 9%, plus applicable surcharge.

The potential for a 9% maximum rate remains in effect for the year the employer participates in the Shared Work Program and for three years following.